

Message Text

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11

ACTION NEA-12

INFO OCT-01 AF-10 ADP-00 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

DODE-00 INR-10 NSAE-00 PA-03 USIA-12 PRS-01 IGA-02

L-03 H-03 COME-00 FRB-02 XMB-07 OPIC-12 RSR-01

(ADP)W

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R 171136Z JUL 73

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 7150

INFO AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY KHARTOUM

AMEMBASSY RABAT

AMEMBASSY SANAA

AMEMBASSY TUNIS

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DEPT PASS AID AND OPIC

E.O. 11652: GDS

TAGS: EAID JO KU

SUBJ: POSSIBLE KFAED PROGRAMS IN JORDAN

REF: (A) KUWAIT 2455 (NOTAL); (B) STATE 129673 (NOTAL)

SUMMARY: KFAED EXPECTS MAKE LINE OF CREDIT AVAILABLE
TO ARAB NATIONAL INDUSTRIAL BANKS SOON AND JORDANIAN
HAIN INDUSTRIAL BANK LIKELY BE ABLE OBTAIN KD ONE MILLION FOR
THIS PURPOSE (KD 1 EQUALS \$3.38). EMBASSY BELIEVES
WELL PLANNED AND PRESENTED DEVELOPMENT PROJECTS WILL
GAIN FAIR HEARING AT KFAED. ANTICIPATED IMPLEMENTATION
INTER-ARAB INVESTMENT GUARANTY SCHEME SHOULD ENCOURAGE
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GREATER KUWAITI PRIVATE INVESTMENT. EMBASSY BELIEVES

SAME FACTORS APPLY TO OTHER ARAB COUNTRIES DESIRING ASSISTANCE FROM KFAED, AND WE ALSO BELIEVE USG AND PRIVATE AMERICAN INSTITUTIONS CAN ACT AS CATALYSTS.
END SUMMARY

1. EMBOFF IN CONVERSATION WITH KFAED OFFICIAL HAD OPPORTUNITY DISCUSS POSSIBLE NEW PROJECTS IN JORDAN. CURRENTLY NO MAJOR INFRASTRUCTURE PROJECTS UNDER DISCUSSION BUT KFAED PLANNING INITIATE SOON GENERAL LINE OF CREDIT TO ARAB NATIONAL INDUSTRIAL BANKS. KFAED OFFICIAL SAID HE EXPECTED JORDANIAN INDUSTRIAL BANK, WHICH HE DESCRIBED AS WELL ORGANIZED, PROBABLY WOULD BE AMONG FIRST TO QUALIFY FOR SUCH CREDIT (WITH TUNISIAN AND MOROCCAN BANKS OTHER LIKELY BENEFICIARIES). HE THOUGHT KF 1 MILLION WOULD BE MADE AVAILABLE TO JORDANIAN BANK INITIALLY AND THIS WOULD BE AVAILABLE FOR SMALLER PROJECTS. TO EXTENT POSSIBLE KFAED WOULD DEAL ONLY WITH BANK AND LATTER WOULD SELECT AND MONITOR SPECIFIC PROJECTS.

2. REGARDING LARGER INFRASTRUCTURE PROJECTS, OUR PAST CONVERSATIONS WITH KFAED OFFICERS LEADS US CONCLUDE THAT WHENEVER GOJ PUTS FORWARD REASONABLE, WELL-THOUGHT OUT, WELL PRESENTED PROPOSAL, IT CAN BE CERTAIN OF FAIR AND SERIOUS CONSIDERATION BY KUWAIT FUND. IN SHORT, ALTHOUGH NO PROJECTS CURRENTLY UNDER CONSIDERATION, THIS NEED NOT REMAIN SO.

3. ADDITIONAL SOURCE FUNDS FOR JORDAN IS KUWAITI PRIVATE SECTOR INCLUDING FOR THESE PURPOSES GOK-OWNED AND MIXED GOK/PRIVATE KUWAITI COMPANIES AND FINANCIAL INSTITUTIONS. CURRENT PETROCHEMICALS INDUSTRIES COMPANY PLAN DEVELOP JORDAN'S PHOSPHATE RESOURCES IS CASE IN POINT. IMPORTANT ELEMENT IN ATTRACTING KUWAITI PRIVATE FUNDS WILL BE IMPLEMENTATION INTER-ARAB INVESTMENT GUARANTY (IAIG) SCHEME, PET PROJECT OF KFAED DIRECTOR ABDUL LATIF AL-HAMAD.

4. ACCORDING KFAED OFFICIAL IAIG SCHEME NOW APPROVED BY SUFFICIENT NUMBER ARAB STATES AND PROBLEM NOW IS TO SET-UP ORGANIZATION TO IMPLEMENT PROGRAM. HE SAID
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FORMER LIBYAN PLANNING OFFICIAL, ATEEQA, MAY BE SELECTED AS SYG OF ORGANIZATION WHICH WILL BE HEAD-QUARTERED IN KUWAIT. HE ALSO SAID AMERICAN COMPANY HAS ALREADY APPROACHED LOCAL OFFICIALS RE SERVING IN ADVISORY CAPACITY DURING CREATION OF IAIG ORGANIZATION.

5. FROM OUR VANTAGE POINT SEEMS THAT USG CAN ACT AS CATALYST IN GETTING GOJ TO APPROACH KFAED WITH APPROPRIATE

PROJECTS. THERE MAY BE THOSE OCCASIONS WHERE MULTI-LATERAL APPROACH (E.G. GOJ, USG, IBRD, KFAED) WILL BE PARTICULARLY SUCCESSFUL. WE THINK KFAEDHTOULD HAVE NO PROBLEMS, PROVIDED OTHERS SERIOUS REGARDING SPECIFIC PROJECT UNDER CONSIDERATION.

6. WE ALSO BELIEVE PRIVATE US COMPANIES COULD PLAY USEFUL ROLE. WE NOTE KIDDER-PEABODY, USUALLY THROUGH ROGER TAMRAZ IN BEIRUT, HAS PLAYED KEY ROLE IN TAPPING KUWAITI RESOURCES FOR FINANCING PROJECTS IN THIRD ARAB COUNTRIES, OFTEN RESULTING IN SUBSTANTIAL SALES US GOODS AND SERVICES.

7. FINALLY, WE SEE NO REASON WHY POINTS NOTED ABOVE RE JORDAN CANNOT APPLY TO OTHER ARAB COUNTRIES WHERE OUR OWN INTERESTS WOULD BE SERVED BY GREATER KUWAITI FINANCIAL SUPPORT.
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